

IRA A. JACKSON
COMMISSIONER

The Commonwealth, Massachusetts
Department of Revenue
Leverett Saltonstall Building
100 Cambridge Street, Boston 02204

December 12, 1984

acts as a service bureau for Massachusetts credit unions which serve as Individual Retirement Account (IRA) trustees and custodians. You inquire as to the Massachusetts information reporting requirements for IRA trustees and custodians regarding federal forms:

1. W-2P, report of IRA payments received;
2. 1099R, report of total distributions from IRAs; and
3. 5498, report of IRA contributions.

Massachusetts General Laws Chapter 62C, Section 8 requires every entity doing business in Massachusetts to report annually to the Commissioner the names and addresses of all residents of the Commonwealth and other persons to whom it has paid any income subject to taxation under Chapter 62 during the preceding year on the same basis as is required by the federal government under the Internal Revenue Code. The report shall also state the amount of such income so paid by it. The same basis of reporting shall be utilized for income that is subject to taxation under Chapter 62 but is not subject to taxation under the Code.

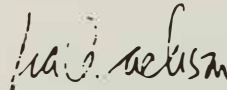
No deduction is allowed in Massachusetts for contributions to an IRA (G.L. c. 62, § 2(d)(9)). Payments received from an IRA are excluded from Massachusetts gross income until the aggregate amount so excluded is equal to the aggregate amount of contributions previously taxed. (G.L. c. 62, § 2(a)(2)(F)). The remainder is taxable. For federal income tax purposes all payments received from an IRA are taxable.

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We have previously ruled in Letter Ruling 80-13 that Massachusetts requires submission of Form W-2P by IRA custodian banks to the Department of Revenue. Copies of Forms 1099R and 5498 will also be required to be submitted with Form W-2P by all IRA custodians and trustees.

When submitting copies of Forms W-2P and 1099R to the Department of Revenue, if the IRA distribution is either totally or partially exempt from taxation, the portion of the distribution which represents a return of contribution, and is thus non-taxable, should be indicated on the Massachusetts copies of Forms W-2P and 1099R.

Very truly yours,



Commissioner of Revenue

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